



LEGISLATIVE UPDATE

July 18, 2014

Education budget negotiations reached a feverish pitch this week, without any final agreement. The big move was the Senate's Tuesday offer, essentially a compromise to split the difference between the two chambers' positions on teacher raises and cuts to teacher assistants. First, Senate leadership offered an *average* raise of 8%, coming down from their original 11% raise proposal (and a few steps closer to the House's position at a 6% *average* raise). "The Senate has made a leap and come to a compromise," said the Senate Budget Conferees' Chair. The Senate also offered to split the difference on the cut to teacher assistants: proposing to eliminate approximately 3,600 teacher assistant positions statewide, versus the original cut of an estimated 7,000 positions. The Senate proposal, however, would pay teacher assistants in 2nd grade with one time, non-recurring funds, meaning that legislators would have to revisit funding this line item again in 2015 (assuming a budget passes this summer). Funding for teacher assistants in Kindergarten and 1st grade would remain recurring under the Senate plan.

Debate among legislators on this issue involves both the effectiveness of teacher assistants on student achievement and LEAs' use of the teacher assistant allotment for other purposes, such as teacher positions, Exceptional Children positions, and low wealth supplements. Speaker of House Thom Tillis posited the idea of a mandatory minimum pay increase for teachers, but then leaving it to LEAs' discretion over whether the additional funds should be used for either higher teacher salary increases or teacher assistant positions. At the end of the committee meeting, the Senate Chair said: "If the House had made this proposal a week ago, we would have moved a lot faster."

Another key move was the Senate's inclusion of a teacher pay plan that is comparable to Governor McCrory's reform plan, *Career Pathways for Teachers*. This plan, among other things, reforms the 36-step salary schedule by front-loading pay in the early years, condensing the steps, and further rewarding teachers for continuous improvement and leadership roles. For more information on *Career Pathways*, please see the following:

<http://govadmin.nc.gov/sites/default/files/CPT%20flyer.pdf>

<http://govadmin.nc.gov/sites/default/files/CPT table 2.pdf>

Also, on Tuesday, debate between the Chambers continued on Medicaid eligibility for the Aged, Blind and Disabled. The Senate decreased its proposed cut of \$228 million to \$150 million (now much closer to the House's proposed cut of \$120 million), citing leadership's hope to "eventually control eligibility in order to address costs." Additionally, on Thursday, the Senate replaced the House's unanimously-approved [HB 1181](#) NC Medicaid Modernization with its own, very different, Medicaid reform package. Obviously, with the significance of funds at issue, the Medicaid debate also affects funding for public education and other state needs.

For more information on the action this week regarding [SB 744](#), Appropriations Act of 2014, please see the following:

Monday/July 14, 2014 – House Conference Committee

[Update on Major Items in Controversy](#)

Tuesday/July 15, 2014 – Senate Conference Committee

[Senate compromise offer](#)

SB 812 Replace Common Core with NC Higher Academic Standards

On Wednesday, the House adopted the Conference Report on SB 812, Replace Common Core with North Carolina Higher Academic Standards. The legislation passed the House, had passed the Senate last week, and was presented to Governor McCrory on Wednesday, July 16. The Governor intends to sign this bill and released the following statement: "I will sign this bill because it does not change any of North Carolina's education standards. It does initiate a much-needed, comprehensive and thorough review of standards. No standards will change without the approval of the State Board of Education. I especially look forward to the recommendations that will address testing issues so we can measure what matters most for our teachers, parents and students." To view the Governor's press release, click here:

<http://www.governor.state.nc.us/newsroom/press-releases>.

Senate Finance Committee

HB 1224 Local Sales Tax for Education/Economic Development Changes

On Wednesday, this bill was introduced for the first time this session as a proposed committee substitute (PCS) before the Senate Finance Committee. It would authorize counties to use the proceeds of a portion of the local option sales and use tax for public transportation or public education. Both the NC Association of County Commissioners and the NC School Boards Association have raised concerns regarding the restrictions on local flexibility that this bill proposes. The bill would cap the overall total local sales and use tax rate at 2.5%. The proceeds of the tax, if used for public education, could only be used as follows:

- Public school capital outlay purposes or to retire any indebtedness incurred by the county for these purposes.
- Salaries of classroom teachers, teacher assistants, and supplements of teacher salaries.
- Financial support of community colleges.

For more information on HB 1224, please see the following as written by the General Assembly research and fiscal staff: [Bill Summary](#) and [Fiscal Note](#). The Senate had this bill on its calendar for a vote on Monday, July 21; however, it has now been referred to the Senate Finance Committee.

HB 1154 Moore County Schools Transfer of Property (SL 2014-70)

HB 1154 became law on Wednesday. It is a local bill and authorizes the Moore County Board of Education to convey all of its right, title, and interest in the Academy Heights Elementary School in Pinehurst to the Town of Taylortown. For further information, please see: [Bill Summary](#).

[HJR 1276](#) Adjournment Sine Die (T. Moore)

Significantly, this adjournment resolution was filed on Wednesday, July 16. It is a sign, from the House at least, that legislators intend to adjourn soon. It proposes next Friday, July 25, 2014, as the date of adjournment of the 2014 Short Session of the General Assembly. This raised speculation among many over whether Session will end next week. Some have indicated that there is a chance of adjournment next week, whether a budget has passed or not. Others consider the move for adjournment to be more posturing between the Chambers, with hopes that they will pass a budget soon.

Regardless, we will report the outcome next week.

Relevant Meetings: July 21 – July 24

Monday, July 21

5:30 PM Senate Committee on Finance (544 LOB)

HB 1224 Local Sales Tax for Education/Econ. Dev. Changes

Tuesday, July 22

9:00 AM Rules and Operations of the Senate (1227/1128 LB)

Finally, as the Budget Conferees continue their work on attempting to finalize a budget this summer, please contact them directly and as soon as possible if you have thoughts or concerns about public education funding issues or otherwise:

<http://www.ncleg.net/gascripts/confcomm/confcommittee.pl?BillChamber=S&BillID=744&session=2013>

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